



County of Los Angeles CHIEF EXECUTIVE OFFICE

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February 5, 2014

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to be "W. T. Fujioka", is written over the printed name and title.

SACRAMENTO UPDATE - PROPOSED 2014 WATER BOND LEGISLATION

Executive Summary

This memorandum provides an update on the latest efforts by the Legislature to develop proposals to place a water bond measure on the November 4, 2014 State General Election ballot.

Background

In November 2009, the Legislature passed and then-Governor Schwarzenegger signed SBx7 2 (Chapter 3, Statutes of 2009) which created the Safe, Clean and Reliable Drinking Water Supply Act of 2010 and approved an \$11.14 billion general obligation bond measure (Water Bond) to be placed on the November 2010 ballot to finance a safe drinking water and water supply reliability program. The Legislature subsequently amended and postponed the Water Bond measure, twice delaying its placement before the voters to November 2012 (AB 1265, Chapter 126, Statutes of 2010) and November 2014 (AB 1422, Chapter 74, Statutes of 2012) due to the State's poor economic condition, the number of competing ballot measures, and public opinion polls which showed that voter support for the size and scope of the Water Bond measure was lagging.

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As previously reported, in 2013 the Legislature developed alternative water bond proposals, **SB 42 (Wolk)** and **AB 1331 (Rendon)**, for consideration. Both bills proposed to scale back the size of the Water Bond and make changes to the programs and projects that would be eligible for funding should the voters approve the Water Bond in the November 2014 election.

SB 42 stalled in the Senate Natural Resources and Water Committee and did not meet the January 31, 2014 deadline to proceed in the Legislature this year. However, Senator Wolk introduced **SB 848** on January 9, 2014 as the successor to SB 42. In addition, two other water bond bills have been introduced in 2014, **AB 1445 (Logue)** and **SB 927 (Cannella)**.

The major provisions of all of the water bond bills are summarized below. A chart providing an overview comparison of these bills with the original Water Bond proposal is contained in Attachment I.

SB 848 (Wolk) - Safe Drinking Water, Water Quality, & Flood Protection Act of 2014

SB 848 (Wolk), which as amended on January 9, 2014, would repeal the provisions of the Water Bond measure and would instead: 1) enact the Safe Drinking Water, Water Quality, and Flood Protection Act of 2014, which if adopted by the voters, would authorize the issuance of \$6.475 billion in State general obligation bonds to finance a safe drinking water, water quality, and flood protection program; and 2) provide for the submission of the bond act to the voters at the November 4, 2014 Statewide General Election. SB 848 is an urgency measure and would be effective immediately if signed by the Governor.

SB 848 would provide a total of \$6.475 billion in funding (reducing the current Water Bond by \$4.665 billion). Specifically, the bill would provide funding for:

- 1) Safe Drinking Water Projects - \$2.0 billion
- 2) Water Quality and Watershed Protection Projects - \$2.1 billion
- 3) Flood Control and Stormwater Management - \$1.375 billion
- 4) Water System Operation Improvements - \$1.0 billion

SB 848 is scheduled for a hearing before the Senate Natural Resources and Water Committee on February 11, 2014.

AB 1331 (Rendon) - Clean and Safe Drinking Water Act of 2014

AB 1331 (Rendon), which as amended on January 7, 2014, would repeal the provisions of the original Water Bond measure and would instead: 1) enact the Clean and Safe Drinking Water Act of 2014, which if adopted by the voters, would authorize the issuance of \$6.5 billion in State general obligation bonds to finance a clean and safe drinking water program; and 2) provide for the submission of the bond act to the voters at the November 4, 2014 Statewide General Election. AB 1331 is an urgency measure and would be effective immediately if signed by the Governor.

AB 1331 would provide a total of \$6.5 billion in funding (reducing the current water bond by \$4.64 billion). Specifically, the bill would provide funding for:

- 1) Clean and Safe Drinking Water - \$1.0 billion
- 2) Protecting Rivers, Lakes, Streams, Coastal Waters and Watersheds - \$1.5 billion
- 3) Climate Change Preparedness for Regional Water Security - \$1.5 billion
- 4) Sacramento-San Joaquin Delta Sustainability - \$1.0 billion
- 5) Water Storage for Climate Change - \$1.5 billion

AB 1331 has been referred to the Senate Natural Resources and Water Committee. A hearing date has not been set.

AB 1445 (Logue) - California Water Infrastructure Act of 2014

AB 1445 (Logue), which as introduced on January 6, 2014, would repeal the provisions of the original Water Bond measure and would instead: 1) enact the California Water Infrastructure Act of 2014, which if adopted by the voters, would authorize the issuance of \$5.8 billion in State general obligation bonds to finance a public benefits associated with water storage projects program; and 2) provide for the submission of the bond act to the voters at the November 4, 2014 Statewide General Election. AB 1445 is an urgency measure and would be effective immediately if signed by the Governor.

AB 1445 would provide a total of \$5.8 billion in funding (reducing the current Water Bond by \$5.43 billion). The bill would provide funding for: 1) ecosystem improvements; 2) water quality improvements in the Delta; 3) flood control benefits; emergency response; and 5) recreational purposes. As introduced, AB 1445 does not specify the amounts of funding which would be allocated for each of these purposes.

AB 1445 is pending referral to a policy committee in the Assembly. The bill may be heard on or after February 6, 2014.

SB 927 (Cannella) - Safe, Clean, and Reliable Drinking Water Supply Act of 2014

SB 927 (Cannella), which as introduced on January 29, 2014, would rename the current Water Bond and make conforming changes and would: 1) authorize the issuance of bonds in the amount of \$9.217 billion; 2) reduce the amount available for projects related to draught relief and water supply reliability; 3) remove the authorization for funds to be available for ecosystem and watershed protection and restoration projects; and 4) increase the amount of funds available for emergency and urgent actions to ensure safe drinking water supplies in disadvantaged communities and economically distressed areas. SB 927 is an urgency measure and would become effective immediately if signed by the Governor.

SB 927 would provide a total of \$9.217 billion in funding (reducing the current Water Bond by \$1.923 billion). Specifically, the bill would provide funding for:

- 1) Water Storage - \$3.0 billion
- 2) Delta Sustainability - \$2.25 billion
- 3) Regional Water Supply - \$1.39 billion
- 4) Water Recycling - \$1.25 billion
- 5) Groundwater Cleanup - \$1.0 billion
- 6) Emergency Drought Relief - \$375 million

SB 927 is pending referral to a policy committee in the Senate. The bill may be heard on or after March 1, 2014.

Upcoming Hearings

The Senate Natural Resources and Water Committee is scheduled to meet on February 11, 2014 and in mid-March to consider the Water Bond legislation. The Assembly Water, Parks and Wildlife Committee has scheduled three informational hearings in February and March 2014 throughout the State to discuss the need for the

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2014 Water Bond and to hear local perspectives on the potential public benefits to communities. An informational hearing will take place in Los Angeles County on March 14, 2014 at the Monterey Park City Hall.

This office and the Department of Public Works will continue to monitor ongoing hearings on Water Bond legislation and will report back on any amendments that may impact the County.

We will continue to keep you advised.

WTF:RA
MR:VE:AO:ma

c: All Department Heads
Legislative Strategist

2014 Water Bond Bills

CURRENT BOND		SB 848 (Wolk)	AB 1331 (Rendon)	AB 1445 (Logue)	SB 927 (Cannella)
Safe, Clean and Reliable Drinking Water Supply Act (SBx7 2 of 2009)		Safe Drinking Water, Water Quality & Flood Protection Act of 2014 Introduced 1/9/2014	Clean and Safe Drinking Water Act of 2014 Amended 1/7/2014	California Water Infrastructure Act of 2014 Introduced 1/6/2014	Safe, Clean, and Reliable Drinking Water Supply Act of 2014 Introduced 1/29/2014
Bond Amount	\$11.14 billion	\$6.475 billion	\$6.5 billion	\$5.8 billion	\$9.217 billion
Purpose	Funding for drought relief, integrated regional water management, the Sacramento-San Joaquin Delta, watershed protection, groundwater cleanup and water recycling.	Repeals the existing 2014 bond in its entirety. Proposes \$6.475 billion general obligation bond.	Repeals the existing 2014 bond in its entirety. Proposes \$6.5 billion general obligation bonds for November 2014 ballot.	Repeals the existing 2014 bond in its entirety. Proposes \$5.8 billion general obligation bonds for November 2014 ballot to finance public benefits associated with water storage projects.	Amends the existing 2014 bond by reducing the amount drought relief and water supply reliability projects, removing authorization for ecosystem and watershed protection and restoration projects, and increasing funds available for emergency and urgent actions to ensure safe drinking water in disadvantaged and economically distressed communities.
Eligible applicants	Public agencies, non-profit organizations (NPOs), public utilities, and mutual water companies	Public agencies, NPOs, public utilities and mutual water companies.	Public agencies, federally recognized Indian tribes, and NPOs. A public agency may use funds to benefit public utilities' or mutual water companies' recipients.	Public agencies, NPOs, public utilities and mutual water companies.	Public agencies, NPOs, public utilities, and mutual water companies.
Selection process	Competitive process for some funds; \$2.0B in earmarks	Competitive grants and loans (no earmarks)	Competitive grants and loans (no earmarks)	Competitive public process	Grants and loans

CURRENT BOND		SB 848 (Wolk)	AB 1331 (Rendon)	AB 1445 (Logue)	SB 927 (Cannella)
Safe, Clean and Reliable Drinking Water Supply Act		Safe Drinking Water, Water Quality & Flood Protection Act of 2014	Clean and Safe Drinking Water Act of 2014	California Water Infrastructure Act of 2014	Safe, Clean, and Reliable Drinking Water Supply Act of 2014
Projects	<p>\$455M Drought relief</p> <p>\$1.4B Water supply reliability</p> <p>\$2.25B Delta sustainability</p> <p>\$3.0B Statewide water system operational improvement</p> <p>\$1.785B Conservation and watershed protection</p> <p>\$1.0B Groundwater protection & water quality</p> <p>\$1.25B Water recycling program</p> <p><i>Prohibits the funding of construction, mitigation, or operation of the tunnels or the Bay Delta Conservation Plan (BDCP).</i></p>	<p>\$2.0B for Safe drinking water projects</p> <p>\$2.1B for Water quality and watershed protection</p> <p>\$1.437B for Flood control and stormwater management</p> <p>\$1.0B for Water system operational Improvements</p> <p><i>Prohibits the funding of construction, mitigation, or operation of the tunnels or the BDCP.</i></p>	<p>\$1.0B for Clean and safe drinking water</p> <p>\$1.5B for Protecting rivers, lakes, streams coastal waters and watersheds</p> <p>\$1.5B for Climate change preparedness for regional water safety</p> <p>\$1.0B for Sacramento-San Joaquin Delta sustainability</p> <p>\$1.5B for Water storage for climate change</p> <p><i>Prohibits the funding of construction, mitigation, or operation of the tunnels or the BDCP.</i></p>	<p>Ecosystem improvements</p> <p>Water quality improvements in the Delta</p> <p>Flood control benefits</p> <p>Emergency response</p> <p>Recreational purposes</p> <p><i>Prohibits the funding of construction, mitigation, or operation of the tunnels or the BDCP.</i></p> <p>*As introduced, the bill does not indicate how funds would be allocated.</p>	<p>\$3.0B Water storage</p> <p>\$2.250B Delta sustainability</p> <p>\$1.390B Regional water supply</p> <p>\$1.250B Water recycling</p> <p>\$1.0B Groundwater cleanup</p> <p>\$375M Emergency drought relief</p> <p><i>Prohibits the funding of construction, mitigation, or operation of the tunnels or the BDCP.</i></p>
Vote:	Majority vote of the electorate	2/3 of the Legislature	2/3 of the Legislature	2/3 of the Legislature	2/3 of the Legislature
Status:	On November 2014 ballot	Senate Natural Resources Committee – 2/11/2014	Senate Natural Resources Committee – no date set	Assembly – pending committee referral	Senate – pending committee referral